



City of Madison

City of Madison
Madison, WI 53703
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Meeting Minutes - Draft COMMUNITY DEVELOPMENT AUTHORITY

Tuesday, December 6, 2011

4:30 PM

215 Martin Luther King, Jr. Blvd.
Room 313 (Madison Municipal Building)

~ COMMUNITY DEVELOPMENT SUBCOMMITTEE MEETING ~

SCHEDULED MEETINGS

Housing Operations Subcommittee: Wed., Dec. 7, 4:30 pm, 120 MMB
CDA Regular Meeting: Thurs., Dec. 8, 4:30 pm, 260 MMB
CDA Special Meeting: Thurs., Dec. 22, 4:30 pm, 313 MMB
Allied Development Subcommittee: Mon., Jan. 9, 2012, Noon, 313 MMB
Community Development Subcommittee: Tues., Jan. 10, 4:30 pm, 313 MMB

CALL TO ORDER / ROLL CALL

Present: 4 -

Tim Bruer; Daniel G. Guerra, Jr.; Gregg T. Shimanski and Kelly A. Thompson-Frater

Excused: 3 -

Ald. Sue Ellingson; Alice J. Fike and Stuart Levitan

1 APPROVAL OF MINUTES: November 8, 2011

A motion was made by Thompson-Frater, seconded by Shimanski, to Approve the Minutes. The motion passed by voice vote.

2 PUBLIC COMMENT

None

3 DISCLOSURES AND RECUSALS

None

4 DISCUSSION OF EXISTING LEASE REVENUE BOND TRANSACTIONS

Assistant City Attorney Anne Zellhoefer, at the request of Bruer, made a presentation regarding the existing lease revenue bond transactions. Among the highlights of her presentation are:

- There remains three outstanding CDA lease revenue bond transactions.

- Bonds have both a financial and real estate component.
- CDA bonds do not constitute debt limit.
- Bond proceeds go to bond trustee.
- Developer conveys real estate.
- Require public ownership.
- CDA owns parking ramp and leases it to City which has to be rolled into the structure.
- City provides back stop and sub-lease to developer.
- CDA and City have no responsibility.
- Maturity can be up to 35 years, but in most cases don't extend full term.
- Block 89 was an immense complicated transaction.
- CDA has no liability.
- Increment from project is used to pay down debt service on the bonds.
- We are in essence competing against ourselves.

Bruer noted that the question had been raised by Council members as to why the lease revenue bonds were not pursued in the Edgewater project as was in the case of Block 89. Bruer mentioned that he had received word that the Edgewater developer was informed by top level City officials that they could not do the lease revenue bonds. In response to Guerra's question about the role of the CDA in these bond transactions, it was noted that the CDA is simply a vehicle. The CDA is not liable in any of the bond transactions and does receive bond issuance fees on all the bonds except the lease revenue bonds. Erdman noted that states have volume caps for revenue bonds except in the case of the Midwest Disaster Relief bonds which are not under the volume cap. As a follow-up to her presentation, Zellhoefer will provide the following information to Board members:

1. When will the Right of First Refusal expire for the Hilton?
2. What is the purchase price under the option for parking for Block 89?
3. Which entity keeps the parking revenue?

The CDA thanked Zellhoefer for coming.

5 23287

CDA EXECUTIVE DIRECTOR'S REPORT

Erdman reviewed the Executive Director's Report covering Items 7, 9 and 91 below. Among the highlights are:

- Building #2 was completed and fully leased during November.
- The Request for Qualifications and Proposals for Truax Park Phase II has been published with a due date of December 5.
- Roof replacement at The Village on Park is behind schedule and will be postponed to March 2012 due to the cold weather.

6 DISCUSSION OF BOND ISSUANCE FEES

Erdman reported that she had checked around to see what other authorities were charging for bond issuance fees and found that the fees range from 1/4

to 3/4 of one percent of the amount of the bond. The smaller communities tend not to charge a fee. The CDA currently charges a bond issuance fee of 1/3 of one percent of the amount of the bond, plus a \$3,000 application fee. Shimanski noted that he had checked around and found that the bond issuance fee particularly for the City of Milwaukee was 3/4 of one percent of the amount of the bond. Erdman will conduct further investigation. The Subcommittee requested that this item be placed on the January 12 CDA Board agenda.

7 TRUAX PARK PHASE II DISCUSSION

8 24094 CAPITOL REVOLVING LOAN FUND UPDATE

Brown reported that there had been an initial meeting among the City staff members of the Review Team on November 14 to discuss the Capital Revolving Fund. We have received the names of two representatives from the EDC to serve on the Team, Al Zimmerman, a corporate finance person and Sandy Torkildson, a small business owner. Guerra, the CDA representative on the Team, reviewed the draft summary of the results of a survey he had conducted among numerous small business owners, real estate professionals and business associations. The next step in the process is to schedule a meeting of the full Team at which time they will hear Guerra's presentation.

9 20808 THE VILLAGE ON PARK UPDATE

9a Retail Marketing

CLOSED SESSION NOTICE

When the Community Development Authority considers the following item, it may go into closed session pursuant to Section 19.85(1)(e), Wisconsin Statutes, which reads as follows: Deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified business, whenever competitive or bargaining reasons require a closed session. If the CDA does convene in closed session as described above, upon completion of the closed session, notice is hereby given that it may reconvene in open session to consider the following items without waiting 12 hours, pursuant to Wisconsin Statutes, Section 19.85(2).

A motion was made by Thompson-Frater, seconded by Shimanski, to Convene into Closed Session pursuant to Section 19.85(1)(e), Wisconsin Statutes. The motion passed by the following vote:

Excused: 3 -

Ald. Ellingson; Fike and Levitan

Ayes: 4 -

Bruer; Guerra, Jr.; Shimanski and Thompson-Frater

9b Access Community Health Land Purchase

A motion was made by Thompson-Frater, seconded by Shimanski, to Reconvene. The motion passed by the following vote:

Excused: 3 -

Fike; Ald. Ellingson and Levitan

Ayes: 4 -

Bruer; Guerra, Jr.; Shimanski and Thompson-Frater

10 ADJOURNMENT

A motion was made by Thompson-Frater, seconded by Guerra, Jr., to Adjourn. The motion passed by voice vote. The meeting adjourned at 6:10 p.m.